

## Message Text

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ACTION OES-04

INFO OCT-01 EUR-12 ISO-00 FEA-01 SY-04 PA-01 PRS-01 L-02

AID-05 CEQ-01 CIAE-00 COA-01 COME-00 DODE-00 EB-07

EPA-01 INR-07 IO-10 NSF-01 NSC-05 NSAE-00 PM-03 SS-15

SP-02 /084 W

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R 141017Z FEB 75

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 5240

INFO AMCONSUL ROTTERDAM UNN

AMCONSUL AMSTERDAM UNN

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EIND, SENV, NL, US

SUBJ: OXIRANE CHEMIE NEDERLAND FIND \$1.8 MILLION BY  
ROTTERDAM CITY ADMINISTRATION

SUMMARY: AS RESULT OF A PUMP FAILURE AND ENSUING VENTING OF PROPENE AND ISOBUTANE GAS ON DEC 1, 1974 AT ROTTERDAM PLANT OF OXIRANE CHEMIE NEDERLAND (A SUBSIDIARY OF OXIRANE CORP, PRINCETON, N.J. AND PRODUCER OF PROPYLENE OXIDE), ROTTERDAM CITY EXECUTIVE COMMITTEE ON FEBRUARY 5 CHARGED FIRM WITH CREATING PUBLIC DANGER BY (A) VENTING OF POTENTIALLY EXPLOSIVE GAS MIXTURE AND (B) FAILING TO NOTIFY AUTHORITIES PROMPTLY, AND LEVIED FINE OF ALMOST 4.5 MILLION GUILDERS (\$1.8 MILLION) AGAINST THE FIRM. OXIRANE IS CONTESTING THE DECISION. EMBASSY IS WORKING DISCREETLY TO DE-ESCALATE ISSUE AND ASSIST OXIRANE. END SUMMARY.

1. ON DEC 1, 1974 AT APPROX. 21:45 A SHORT CIRCUIT IN AN ELECTRICAL JUNCTION BOX AT THE ROTTERDAM PLANT OF OXIRANE CORPORATION, A MANUFACTURER OF PROPYLENE OXIDE, CAUSED A  
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PUMP TO FAIL. QUANTITIES OF PROPENE AND ISOBUTANE GASES WERE

IN TURN VENTED TO THE ATMOSPHERE THROUGH SAFETY VALVES TO REDUCE PRESSURE IN CERTAIN DISTILLATION COLUMNS. ACCORDING TO AN OXIRANE NEDERLAND PRESS RELEASE, THE VENTING WAS A FEATURE WHICH HAD BEEN INCORPORATED IN THE PLANT'S DESIGN. AS RELATED TO US BY PRESIDENT AND GENERAL COUNSEL OF THE PARENT COMPANY WHO FLEW TO NETHS WHEN FINE ANNOUNCED, THE VENTING WAS ACCOMPANIED BY THE FLARING-OFF OF GASES AT OTHER LOCATIONS OF THE PLANT AND BY LARGE QUANTITIES OF BLOWN-OFF STEAM.

2. EARLY IN FEBRUARY THE ROTTERDAM EXECUTIVE COMMITTEE (COMPOSED OF THE MAYOR AND ALDERMEN) DECIDED TO IMPOSE A FINE OF ALMOST 4.5 MILLION GUILDERS ON OXIRANE. ANNOUNCING THEIR DECISION IN A FEBRUARY 4 PRESS RELEASE, THE ROTTERDAM EXECUTIVE COMMITTEE CHARGED THAT THE VENTING OF THE EXPLOSIVE GASES HAD POSED A SERIOUS THREAT TO THE MUNICIPALITY AND THAT OXIRANE'S FAILURE TO NOTIFY THE AUTHORITIES PROMPTLY AND COMPOUNDED THE DANGER. THE EXECUTIVE COMMITTEE TOOK THIS ACTION UNDER A CLAUSE IN THE COMPANY'S LEASE CONTRACT WITH THE MUNICIPALITY WHICH PROVIDES THAT THE MUNICIPALITY MAY LEVY A FINE OF UP TO TEN TIMES THE ANNUAL RENT FOR A VIOLATION OF THE PUBLIC NUISANCE ACT OR THE AIR POLLUTION ACT. HOWEVER BECAUSE THIS WAS FIRST TIME SUCH A FINE IMPOSED MAYOR AND ALDERMAN DECIDED TO LIMIT PENALTY TO SIX TIMES ANNUAL RENT.

3. OXIRANE, WHILE NOT DISPUTING THE EVENTS, CLAIMS THAT THE SAFETY DEVICES PERFORMED AS THEY WERE DESIGNED TO AND THAT CONCENTRATIONS OF THE VENTED GASES NEVER REACHED LEVEL AT WHICH THE POSSIBILITY OF AN EXPLOSION EXISTED. THE COMPANY SAYS THAT ON-SITE TESTS BY THE LOCAL FIRE DEPARTMENT CORROBORATE THEIR ASSERTION. THEY ALSO ARGUE THAT, SINCE THERE WAS NO REAL DANGER, THE COMPANY'S FAILURE TO CONTACT THE AUTHORITIES SOONER DOES NOT CONSTITUTE NEGLIGENCE (THE INTERVAL BETWEEN THE POWER FAILURE AND THE FIRST CONTACT WITH AUTHORITIES WAS ABOUT 22 MINUTES; FIRST CONTACT WAS AT LOCAL GOVERNMENT ADMINISTRATION INITIATIVE).

4. ACCORDING TO OXIRANE EXECUTIVES, THE COMPANY HAS ADDRESSED A LETTER TO THE ROTTERDAM CITY EXECUTIVE COMMITTEE ASKING THAT THE COMMITTEE'S DECISION BE SUSPENDED OR, ALTERNATIVELY, THAT THE MUNICIPALITY ACCEPT A BANK GUARANTEE PENDING LIMITED OFFICIAL USE

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FINAL RESOLUTION OF THE DISPUTE. THE SAME SOURCES REPORT THAT THE EXECUTIVE COMMITTEE HAS TURNED DOWN THE PROPOSAL AND HAS ADVISED THE COMPANY THAT IT CAN APPEAL THE DECISION TO THE FULL CITY COUNCIL OR TAKE THE CASE TO COURT. MEANWHILE, THE FINE MUST BE PAID BY MARCH 4. LATEST DEVELOPMENT IS THAT THE COMPANY IS APPEALING THIS LATTER DECISION TO THE ROTTERDAM DISTRICT COURT, WHICH HAS SET A HEARING FOR FEBRUARY 18. THE FIRM ALSO PLANS

TO APPEAL THE FEB 4 DECISION TO THE FULL ROTTERDAM CITY COUNCIL.

5. COMMENT: THE ACTION OF THE ROTTERDAM EXECUTIVE COMMITTEE IS, TO OUR KNOWLEDGE, UNPRECEDENTED. ALTHOUGH THE FIRM COULD HAVE PRESUMABLY BEEN CHARGED DIRECTLY UNDER THE NATIONAL PUBLIC NUISANCE AND AIR POLLUTION ACTS, VIOLATIONS OF WHICH ARE PUNISHABLE BY MAXIMUM FINES OF 3,000 AND 10,000 GULDERS, RESPECTIVELY, NO SUCH ACTION HAS BEEN TAKEN. RATHER, THE EXECUTIVE COMMITTEE INVOKED THE LEASE CLAUSE, WHICH WE UNDERSTAND IS A STANDARD FEATURE IN MANY INDUSTRIAL LEASE CONTRACTS AWARDED BY THE MUNICIPALITY. THE SEVERITY OF THE FINE HAS CAUSED SOME LOCAL DAILIES TO LABEL THE ACTION OF THE LEFT-WING DOMINATED EXECUTIVE COMMITTEE A "POLITICAL STUNT". OXIRANE OFFICIALS STATE THAT NEITHER THE PROSECUTOR'S OFFICE NOR THE RESPONSIBLE NATIONAL ENVIRONMENTAL AUTHORITIES HAVE TAKEN ANY ACTION AGAINST THE COMPANY, ALTHOUGH THEY ARE IN POSSESSION OF THE SAME FACTS THAT PROMPTED THE ROTTERDAM EXECUTIVE COMMITTEE'S ACTION. THEY ALSO NOTED THAT LOCAL ENVIRONMENTAL SAFETY AUTHORITIES HAVE NEVER BEFORE CALLED INTO QUESTION THE SAFETY SYSTEM IN USE AT THE OXIRANE ROTTERDAM PLANT, WHICH HAS BEEN IN OPERATION SINCE 1972, AND WHICH PRESUMABLY WORKED AS IT HAD BEEN INTENDED TO HOWEVER (CERTAIN MODIFICATIONS HAVE BEEN MADE SINCE DECEMBER 1 ON THE RECOMMENDATION OF ENVIRONMENTAL AUTHORITIES, MAINLY THE LINKING OF THE DISTILLATION COLUMNS TO THE FLARE SYSTEM, SO THAT IN FUTURE ALL POTENTIALLY EXPLOSIVE GASES ARE FLARED OFF RATHER THAN VENTED). CASE IS BEING WATCHED CLOSELY SINCE ITS OUTCOME WILL HAVE A SIGNIFICANT IMPACT IN THE ROTTERDAM AREA, WHERE IN WHICH THERE IS CONSIDERABLE INVESTMENT BY CHEMICAL PROCESSING INDUSTRIES, INCLUDING MUSHC US INVESTMENT. SHOULD THE CITY COUNCIL MAKE THE FINE STICK, IT COULD PROVE TO BE ALMOST AS DISCOURAGING A DEVELOPMENT TO NEW INVESTMENT IN THE ROTTERDAM AREA AS THE ENACTED BUT YET-TO-BE PROCLAIMED SELECTIVE INVESTMENT LAW LIMITED OFFICIAL USE

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(SEE HAGUE A-103).

6. AMBASSADOR AND EMBASSY AND CONGEN OFFICERS HAVE HAD SEVERAL MEETINGS WITH OXIRANE EXECUTIVES AND HAVE ARRANGED SEVERAL APPOINTMENTS FOR THEM. WE ARE ALSO WORKING BEHIND SCENES IN ENDEAVOR TO DE-ESCALATE MATTER AND SEEK NEGOTIATED SOLUTION FOR, IF ISSUE IS PRESSED IN THE COURTS, SUBSTANTIAL AMERICAN BUSINESS RELATIONS WITH CITY OF ROTTERDAM ARE LIKELY TO BE ADVERSELY AFFECTED NO MATTER WHICH WAY THE COURT RULES. COPIES OF RELEVANT PRESS RELEASES, ETC., FOLLOW BY POUCH (DEPT AND AMCONSUL ROTTERDAM ONLY).  
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## Message Attributes

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**Copy:** SINGLE  
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**TAGS:** EIND, SENV, NL, US, OXIRANE CHEMIE NEDRELAND  
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